

**Williamsburg Economic Development Authority Demolition Loan Program
Commercial Revitalization and Redevelopment Program
Approved by the EDA – January 30, 2007, revised April 25, 2007**

The City's commercial areas are visible indicators of the social and economic health of the community. While most commercial districts of the City are economically viable and physically attractive, the City Goals and Initiatives, Comprehensive Plan, and Economic Development Strategic Plan identify a few commercial areas as having underused commercial properties with redevelopment potential. These areas include:

- Lower Richmond Road between Brooks Street and Ironbound Road
- Monticello Avenue and Mount Vernon Avenue in the vicinity of the former hospital
- Second, Penniman, and Page Streets
- Capitol Landing Road
- York Street
- Henry Street between Lafayette Street and Prince George Street, and between Ireland Street and Mimosa Drive
- Commercial areas from North Boundary Street, Richmond Road, and both sides of Scotland Street

Purpose

The purpose of the Williamsburg Commercial Revitalization and Redevelopment Program is to provide tools to encourage enhancements in commercial areas of the city. The program will encourage redevelopment of underused commercial properties in order to improve the economic vitality of commercial areas from functional and aesthetic perspectives. One of the elements of the Revitalization Program is the Economic Development Authority's Demolition Loan Program.

Demolition Program Details

The Demolition Program will be administered by the Williamsburg EDA. The Demolition Program will provide loans for the demolition of qualified, underused commercial properties in order to help move these properties to the redevelopment market.

Loan Details

A 0% interest, forgivable loan is available for the demolition of underused commercial properties. The maximum amount of any loan will be 100% of the total cost of demolition or \$20,000, whichever is less. The funds will be disbursed as a 0% interest loan, to be forgiven over 120 months (ten years), by the amount equal to the post redevelopment increase in real property taxes that are paid on new improvements constructed on the property during the 120 consecutive months subsequent to demolition (the land value will not be included). The 120-month period will start the first day of the calendar month immediately following completion of demolition. Any remaining balance not forgiven by the amount of the post-redevelopment increase in real property taxes must be repaid to the EDA at the end of the 120-month period. The loan will be evidenced by a non-interest-bearing promissory note secured by a deed of trust lien on the property. Said note shall be personally endorsed by all fee simple owners of the property. In the case of property owned in whole or in part by any entity, if such entity is a closed corporation, all stockholders of the corporation shall endorse the note; if an

LLC, all members of the LLC shall endorse; if a general partnership, all partners shall endorse; if a joint venture, all venturers shall endorse; and in the case of a limited partnership, all stockholders, members or other principals of the general partner shall endorse the note. Said note may be assumed by future owners of the property. Additionally, the EDA may agree to subordinate the loan.

Eligibility and Procedural Guidelines

1. All fee simple owners of the property must sign the application.
2. Awarded funds will be disbursed to the applicant upon satisfactory completion of the project and submission of all receipts for the work performed.
3. Completion of the project must occur within six months of the EDA approval.
4. Awards are not retroactive. The demolition loan must be approved before any demolition activity begins.
5. All applicable City regulations and approvals must be obtained before the demolition commences.
6. Real Property Tax Assessments values for the forgivable loan are determined by the City of Williamsburg Tax Assessor.

Application Process

Applications will be accepted by the EDA starting July 1 of each program year. After June 30 of each year, any nonfunded or unapproved applications must reapply before they can be considered for funding under the next year's program.

Selection Criteria

Applications will be approved on a first come, first served basis. If simultaneous applications are received, the selection criteria to be used by the EDA in evaluating the applications shall include:

1. Preference will be given to properties located in one of the above listed redevelopment areas.
2. The potential impact on the attractiveness of the City's commercial areas.
3. The condition and use of the existing structure(s) on the property.
4. The property's potential for improved economic vitality, functionality, and aesthetics.

Publicity and Acknowledgement

Applicants will receive public recognition for participating in the program. If appropriate, a sign will be placed on the property identifying the project as being affiliated with the Williamsburg Commercial Revitalization Program. Upon satisfactory completion of the project, the application will receive a commendation from the EDA.

Funding

The program may distribute a total of \$60,000 per annum, subject to appropriation from City Council to the EDA. On June 30 of each year, any uncommitted funds shall be designated for the program in the following fiscal year.

Application Information

Contact the Williamsburg Economic Development Office at (757)220-6120 or via email at mdewitt@williamsburgva.gov for more information.

Example Demolition Award Scenario

- Qualified Property costs \$30,000 to demolish.
- Forgivable Loan can equal 100% of the cost (\$30,000), or \$20,000, whichever is less.
- In this case \$20,000 is less than \$30,000, so the program awards \$20,000.
- The \$20,000 award is a 0% interest loan, forgivable by the amount of increased real property tax paid on the improvements on the property for the next 10 years. Any remaining balance must be repaid to the EDA after 10 years.
- Ten Year Real Property Tax Assessment Scenario:
 Current Real Property Tax Assessment on Improvements = \$500,000 (Pre-Demolition Base Value)
 Year One Real Property Tax Assessment on Improvements (after improvements demolished) = \$0
 Year Two Real Property Tax Assessment on Improvements (after redevelopment) = \$1,500,000
 Year Three Real Property Tax Assessment on Improvements (after redevelopment) = \$1,500,000
 Year Four Real Property Tax Assessment on Improvements (after redevelopment) = \$1,500,000
 Year Five Real Property Tax Assessment on Improvements (after redevelopment) = \$2,000,000
 Year Six Real Property Tax Assessment on Improvements (after redevelopment) = \$2,000,000
 Year Seven Real Property Tax Assessment on Improvements (after redevelopment) = \$2,000,000
 Year Eight Real Property Tax Assessment on Improvements (after redevelopment) = \$2,200,000
 Year Nine Real Property Tax Assessment on Improvements (after redevelopment) = \$2,200,000
 Year Ten Real Property Tax Assessment on Improvements (after redevelopment) = \$3,500,000

Year	Base Real Property Tax Payment Value on Improvements at \$0.54/\$100	Current Real Property Tax Assessment on Improvements	Current Real Property Tax Payment on Improvements at \$0.54/\$100	Current Real Property Tax Payment on Improvements - Base Real Property Tax Payment Value	Loan Balance
Base	\$2,700	\$500,000	\$2,700	0	\$20,000
One	\$2,700	\$0	0	0	\$20,000
Two	\$2,700	\$1,500,000	\$8,100	\$5,400	\$14,600
Three	\$2,700	\$1,500,000	\$8,100	\$5,400	\$9,200
Four	\$2,700	\$1,500,000	\$8,100	\$5,400	\$3,800
Five	\$2,700	\$2,000,000	\$10,800	\$8,100	-\$4,300*
Six	\$2,700	\$2,000,000	\$10,800	\$8,100	n/a
Seven	\$2,700	\$2,000,000	\$10,800	\$8,100	n/a
Eight	\$2,700	\$2,200,000	\$11,880	\$9,180	n/a
Nine	\$2,700	\$2,200,000	\$11,880	\$9,180	n/a
Ten	\$2,700	\$3,500,000	\$18,900	\$16,200	n/a

*Loan Forgiven at the end of Year Five